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Prepared by: Mike Ritz

Commissioner Ritz

Approved by: _____
Shelby County Attorney

RESOLUTION OF THE SHELBY COUNTY BOARD OF COMMISSIONERS, REQUESTING THE MEMBERS OF THE TENNESSEE GENERAL ASSEMBLY TO CONSIDER FUTURE EFFORTS TO EQUALIZE EDUCATION FUNDING FOR SHELBY COUNTY. THIS ITEM IS SPONSORED BY COMMISSIONER MIKE RITZ.

WHEREAS, Recent research based upon public records has found specific unfairness in state funding of the Memphis and Shelby County School Systems (The School Systems) for the fiscal year (FY) 2005 (school year 2004-2005) and FY2006 (school year 2005-2006); and

WHEREAS, The Local Funding (funds from Shelby County Government and the City of Memphis) of The School Systems exceeded state funding of The School Systems by over \$90,000,000 in FY2005 and over \$145,000,000 in FY2006, while on a Tennessee wide basis all local school funding is less than all state school funding; and

WHEREAS, In FY2005 state funding of all public schools in Tennessee averaged \$3215 per Average Daily Membership (the sum of total number of days enrolled divided by the number of days taught) (ADM) but for The School Systems averaged only \$2998 per ADM resulting in a difference of \$217 per ADM for a total shortfall in funding of \$35,285,936 for FY2005; and

WHEREAS, In FY2006 state funding of all public schools in Tennessee averaged \$3318 per ADM but for The School Systems averaged only \$3118 per ADM resulting in a difference of \$200 per ADM for a total shortfall in funding of \$32,516,000 for FY2005; and

WHEREAS, The ability of a government to receive taxes can be measured by Total Property Assessments (a measure of a government's taxpayers wealth) and by Sales Tax Collections (a measure of a government's taxpayers ability to pay); and

WHEREAS, The Total Property Assessments for Shelby County were \$105,470 per ADM for FY2005 and \$107,433 per ADM in FY2006 while the Total Property Assessment of all of Tennessee was \$117,070 per ADM in FY2005 and \$124,375 per ADM in FY2006, a difference of 11.0% and 15.8%, respectively for FY2005 and FY2006, thereby showing that Shelby County's taxpayer wealth is less compared to all of Tennessee; and

WHEREAS, The Total Tax Collections for Shelby County were \$6,648 per ADM in FY2005 and \$6,992 per ADM in FY2006 while the Total Sales Tax Collections for all of Tennessee were \$8,382 per ADM in FY2005 and \$8,868 per ADM in FY2006, a difference of

26.1% and 28.3% respectively for FY2005 and FY2006, thereby showing that Shelby County's taxpayers have lower disposable income compared to all of Tennessee; and

WHEREAS, ADM as a percentage of total population is a relative measure of public school funding needs and ADM per 1,000 people in Shelby County was 180 (180 public school students per 1,000 citizens) in FY2005 and 178 in FY2006 versus the ADM per 1,000 people for all of Tennessee was 155 for FY2005 and 155 for FY2006, showing increased need for state public school funding in Shelby County compared to all of Tennessee; and

WHEREAS, On a year to year basis the Local Funding of The School Systems is growing faster in Memphis and Shelby County than the total local funding by other local governments in Tennessee indicating the willingness of Memphis and Shelby County to increasingly support The School Systems; and

WHEREAS, On a year to year basis the Total Property Assessments/ADM and the Total Sales Tax Collections/ADM are growing faster in all Tennessee counties and cities than in Memphis and Shelby County, further stressing the local taxpayers burden of supporting The School Systems; and

WHEREAS, The Shelby County Board of Commissioners annually appropriates 100% of the Local Funding for Shelby County Schools and the majority percentage of Local Funding for the Memphis City Schools (there has been an annual approximate \$80,000,000 appropriation from the City of Memphis to the Memphis City Schools); and

WHEREAS, The County of Shelby as of July 1, 2007 had total bonded indebtedness of \$1,782,004,281 of which \$1,155,445,388 or 64.8% was for public school construction; and

WHEREAS, The current property tax rate in Shelby County is \$4.04/\$100.00 of assessed value (\$4.09 outside of Memphis), which rate is the highest county property tax rate in the State of Tennessee; and

WHEREAS, The Shelby County appropriation for The School System operating expense represents approximately 32% of the current FY2008 County Budget and the Shelby County appropriation for bonded indebtedness for public schools is another 9% of the county budget for a total public school share of the county budget of 41%; and

WHEREAS, Prospective fiscal year budgets show increased needs for operating expenses and capital expenses especially for deferred maintenance for The School Systems, which will further burden Shelby County taxpayers; and

WHEREAS, The Shelby County Board of Commissioners appreciates and understands the need for fairness and adequacy of state Public School Funding; and

WHEREAS, Similar analysis concludes there is also inadequate and unfair state funding of the urban public school systems in Knox County, Hamilton County, Davidson County and Williamson County for FY2005 and FY2006 and considerably more local funding than state funding of the local public schools in each of those urban school jurisdictions but however each of these four systems have Total Property Assessments and Total Sales Tax Collections per local ADM far in excess of the similar figures for Shelby County and considerably less ADM/ population than Shelby County.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, that this Board, after careful consideration, hereby requests that the members of the Tennessee General Assembly keep this information in mind as they consider possible changes to education funding formulas or to the “maintenance of effort” requirements for school funding by county governments.

BE IT FURTHER RESOLVED, that this Board requests that the members of the Tennessee General Assembly consider future efforts to equalize education funding for Shelby County and that the state funding formula for education be adjusted to ensure that the state funding received per Average Daily Membership for public school systems be increased to an amount that is at least equal to the statewide average.

A C Wharton, Jr.
Shelby County Mayor

Adopted: _____